MITSUBISHI MOTORS

FY2019 Second-Quarter Financial Results

November 6, 2019

1. 1H/FY2019 Financial Results

2. FY2019 Financial Forecast

3. Regional Sales Strategy

4. Business Highlight

1H/FY2019 Financial Results Summary (vs. 1H/FY2018)

(Billion yen, 000 units)	1H Actual (Apr - Sep)				2Q (Jul - Sep)	
	FY2018	FY2019	Variance Amount	Variance Ratio	FY2018	FY2019
Net Sales	1,169.3	**1,128.0**	-41.3	-4%	609.3	591.8
Operating Profit (OP Margin)	56.9 (4.9%)	**10.2 (0.9%)**	-46.7 (-4.0 P.P.)	-82%	28.8 (4.7%)	6.3 (1.1%)
Ordinary Profit	68.3	**1.2**	-67.1	-98%	34.9	2.6
Net Income*	51.9	**2.6**	-49.3	-95%	23.7	-6.7
Sales Volume (Retail)	594	**592**	-2	-0%	302	294

* Net income attributable to owners of the parent

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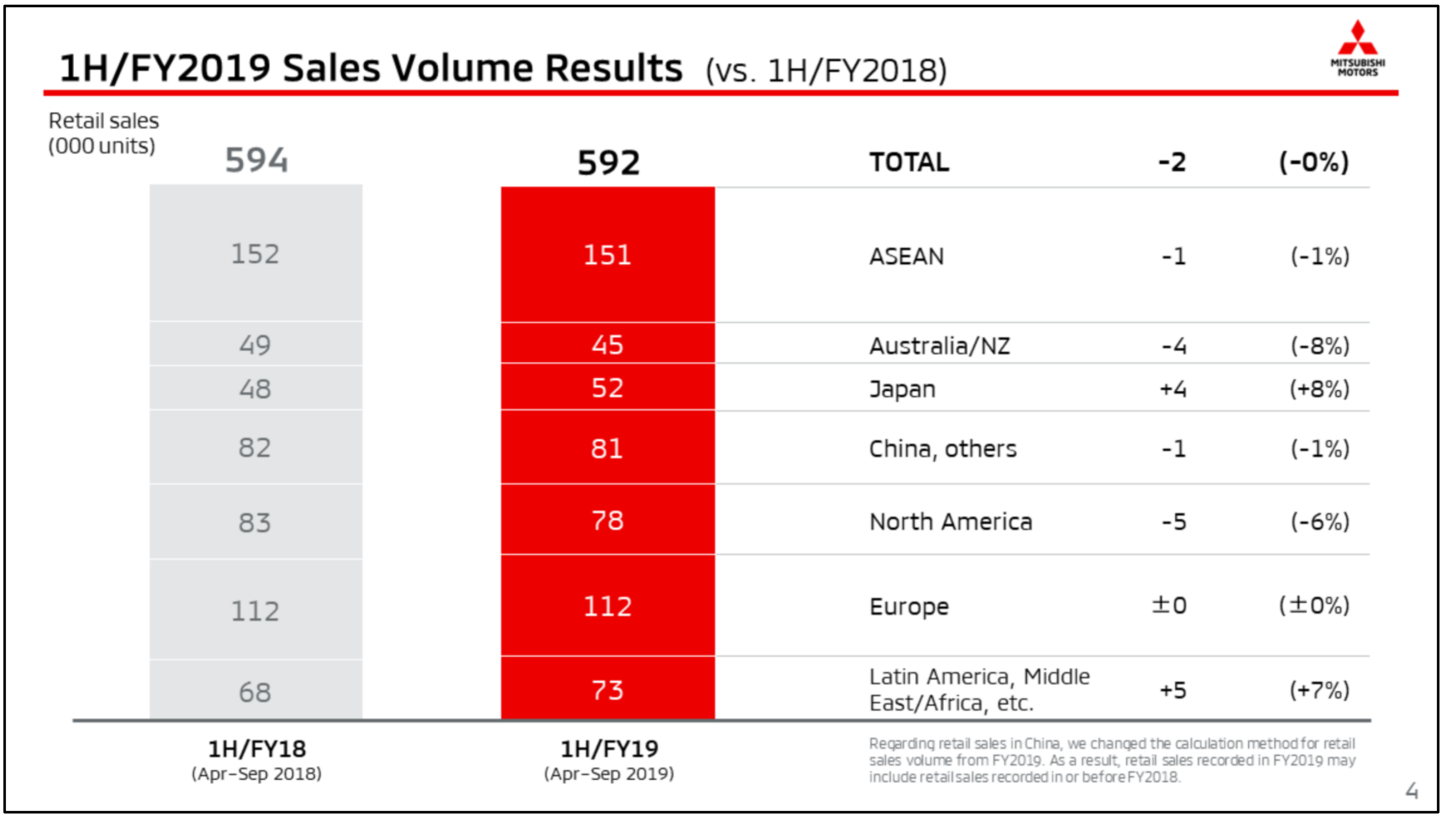
Net sales in the first half of fiscal 2019 declined 4% year-on-year to ¥1,128 billion mainly due to the deterioration in total demand in mainly developed countries.

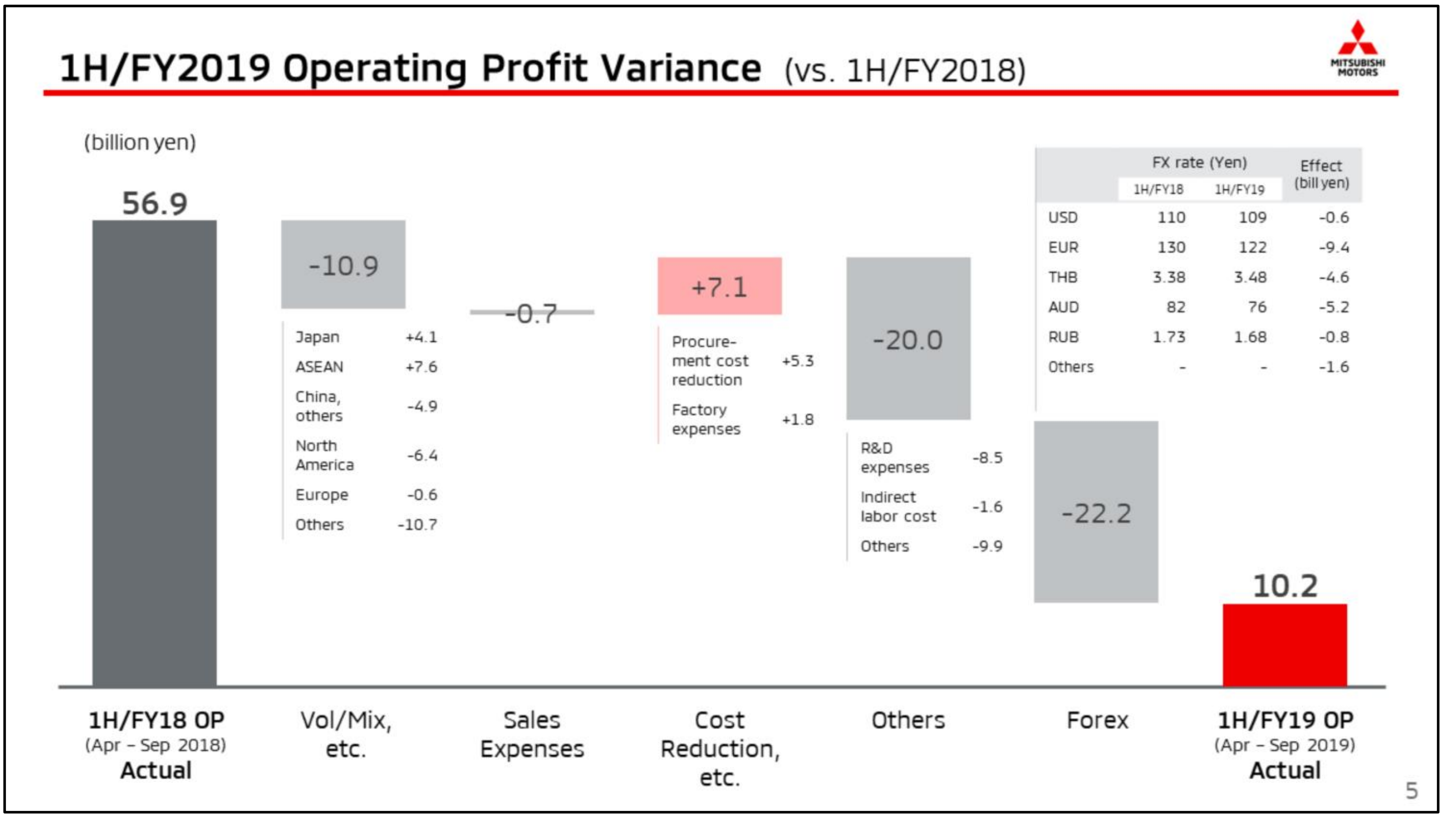
Operating profit (OP) declined significantly, to ¥10.2 billion, from ¥56.9 billion in the same period of the previous fiscal year, and an OP margin was 0.9%, due to a decline in sales and the impact of a deterioration in exchange rates.

Ordinary profit was ¥1.2 billion, mainly due to the impact of foreign exchange loss on non-operating income. Net income amounted to ¥2.6 billion, mainly due to tax payment by overeats subsidiaries.

Our global unit sales was 592,000 units, a slight 0.3% decrease from the same period of the previous fiscal year.



Although sales in Japan, Latin America and Middle East/Africa and others increased compared to the previous year, overall sales declined slightly year on year due to sluggishness in other regions.



The factors behind the year-on-year changes in operating profit are as follows:

In terms of Vol/Mix, the negative impact was ¥10.9 billion due to a decrease in sales units and the model mix deterioration.

Sales expenses declined ¥0.7 billion year on year, mainly due to restrained spending on advertising and promotion.

Cost reductions resulted in a total increase in profit of ¥7.1 billion, due to efforts to reduce procurement costs, as well as to control plant related expenses.

Others posted a year-on-year decline in profit of ¥20.0 billion due to higher R&D expenses and indirect labor costs year on year, as well as sluggish growth in after-sales profit, despite revisions to investments and cost reductions.

The yen's appreciation against major currencies continued and the Thai baht, which is a cost currency for us, worsened. These had a substantial negative factor of ¥22.2 billion compared with the same period of the previous fiscal year.

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FY2019 Full-Year Forecast (vs. FY2018)

(billion yen, 000 units)	FY18 Actual (Apr 2018 – Mar 2019)	FY19 Forecast (Apr 2019 – Mar 2020)	Variance		Variance from Previous Forecast
			Amount	Ratio	
Net Sales	2,514.6	**2,450.0**	-64.6	-3%	-130.0
Operating Profit (OP Margin)	111.8 (4.4%)	**30.0 (1.2%)**	-81.8 (-3.2 P.P.)	-73%	-60.0
Ordinary Profit	119.9	**20.0**	-99.9	-83%	-80.0
Net Income*	132.9	**5.0**	-127.9	-96%	-60.0
Sales Volume (Retail)	1,244	**1,274**	+30	+2%	-31

* Net income attributable to owners of the parent

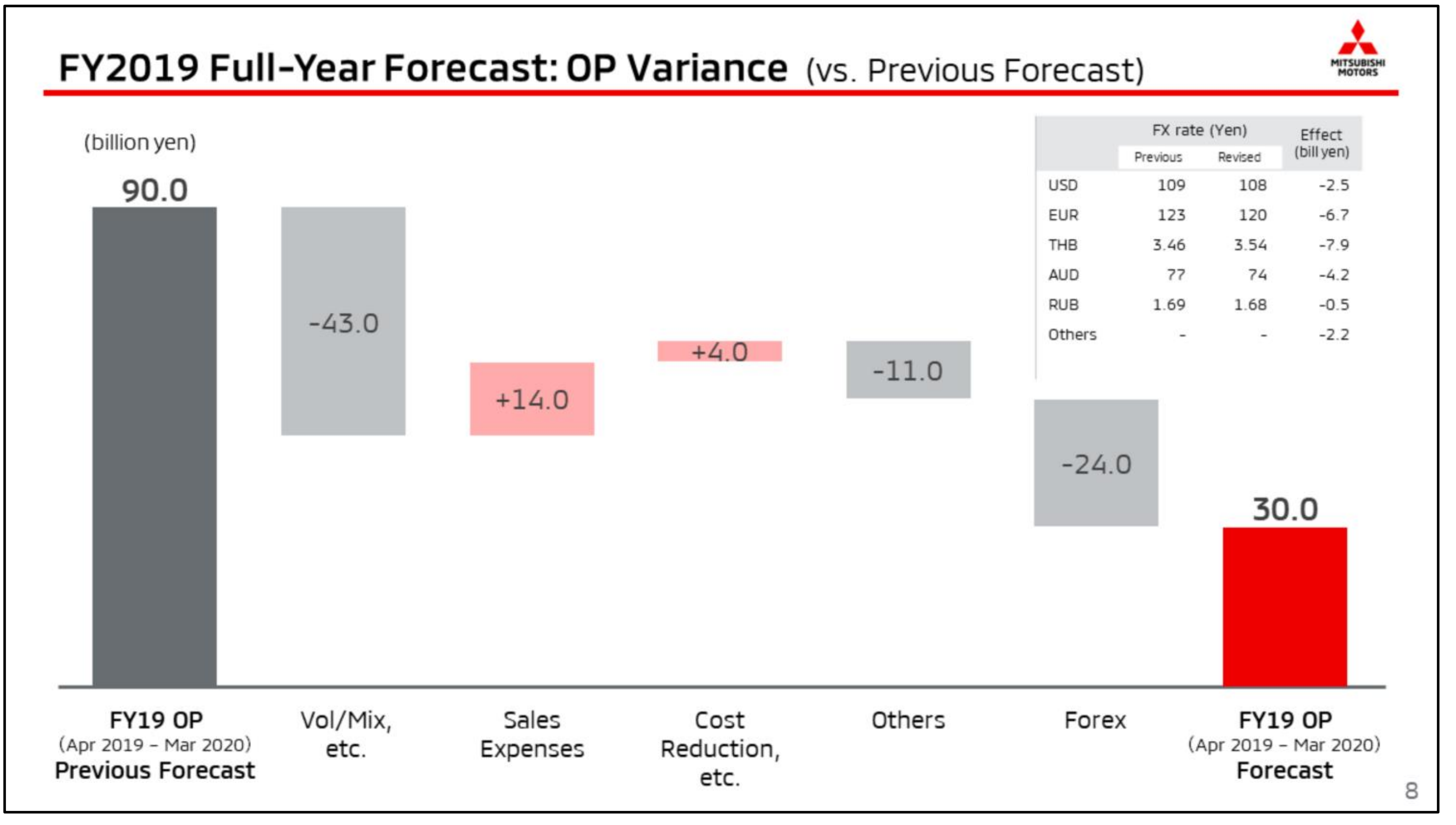
The global economy has worsened since the we projected the annual plan. Due to prolonged tensions over the trade friction between the U.S. and China, concerns over an economic slowdown on a global basis have heightened, and automobile demand has been falling. According to this harsh external environment, we have revised our full-year forecast for fiscal 2019.

First, We lowered the retail sales forecast to 1,274,000 units from the initial forecast of 1,305,000 units. We expect this to be a slight increase compared to the previous year. which is a slight increase compared to the previous year. As a result, net sales are expected to reach ¥2,450.0 billion, compared with the initial forecast of ¥2,580.0 billion.

Operating profit forecast will decrease by ¥60.0 billion from the initial plan to ¥30.0 billion as a result of the impact of a decrease in sales volume and a revision of the exchange rate assumptions to the yen's appreciation.

Ordinary income is revised to ¥20.0 billion, compared with ¥100.0 billion, and net income is revised to ¥5.0 billion, compared with ¥65.0 billion, respectively.

While the macro environment surrounding the entire automobile industry continues to be challenging, we will do our utmost to achieve the new full-year forecast, leveraging ASEAN, our main region, as our driving force.



As a result of the revision to the FY2019 full-year forecast, the factors behind the respective changes to the FY2019 full-year operating profit forecast announced in May are as follows.

Vol/Mix are expected to worsen by 43.0 billion yen from the previous announcement due to the revision of the annual sales plan.

Meanwhile, we will reduce selling expenses by ¥14.0 billion due to a decrease in the number of units sold.

We will also strive to reduce costs not only by reducing procurement costs, but also by reducing factory expenses. As a result, we will make additional improvements of ¥4.0 billion compared to the plan.

Regarding other impacts, we expect a further worsening by ¥11.0 billion. This is mainly due to lower-than-expected earnings opportunities across the value chain as the sales volume declines.

The yen continued to appreciate against major currencies of sales, such as the U.S. dollar, the euro, and the Australian dollar, while the cost currency Thai baht remained strong. In view of the fact that exchange rates of both sales and cost currencies will continue to depress profits in the second half of the fiscal year due to both sales and costs, we anticipate a further deterioration of ¥24.0 billion compared to the previous plan.

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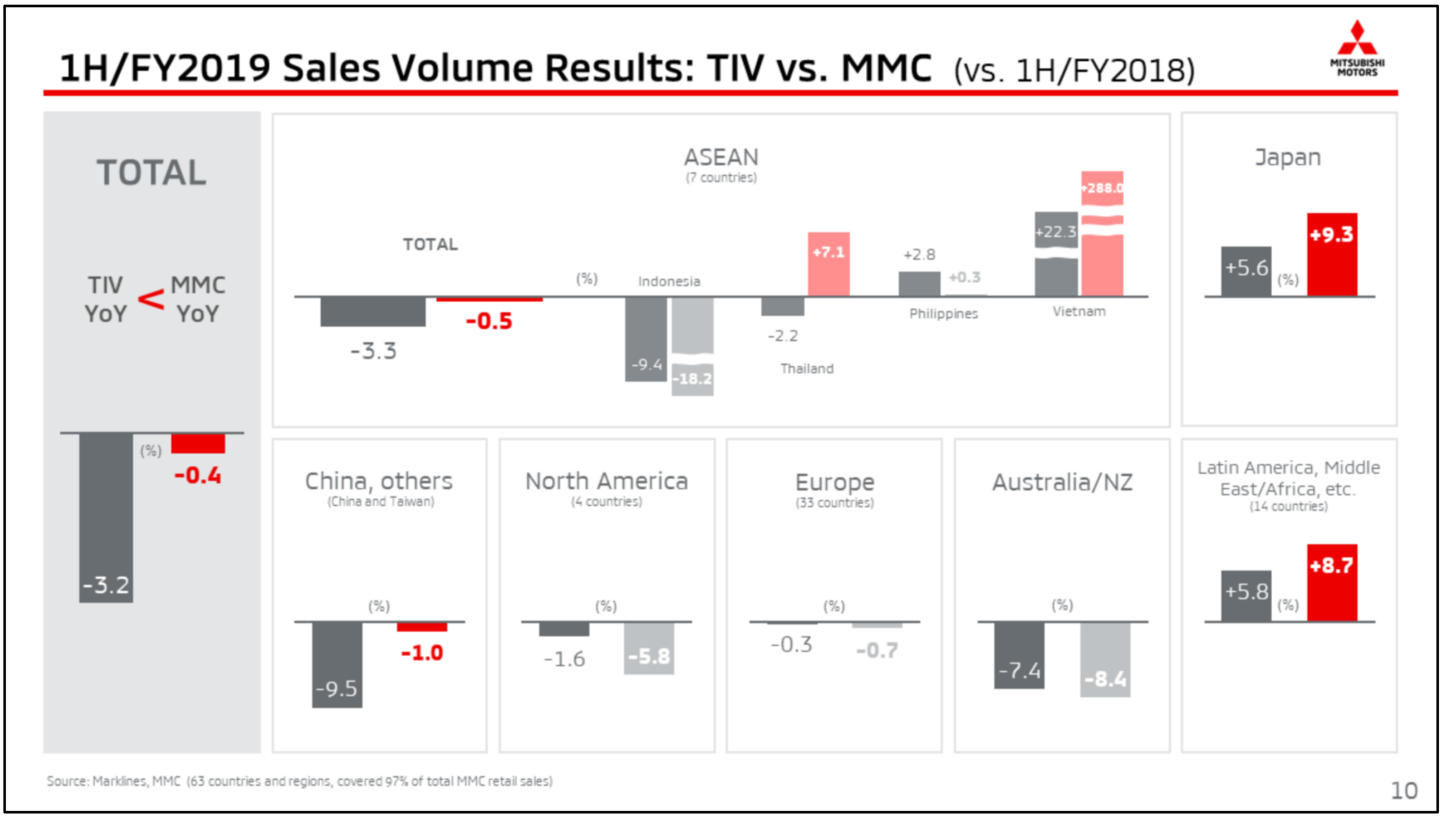


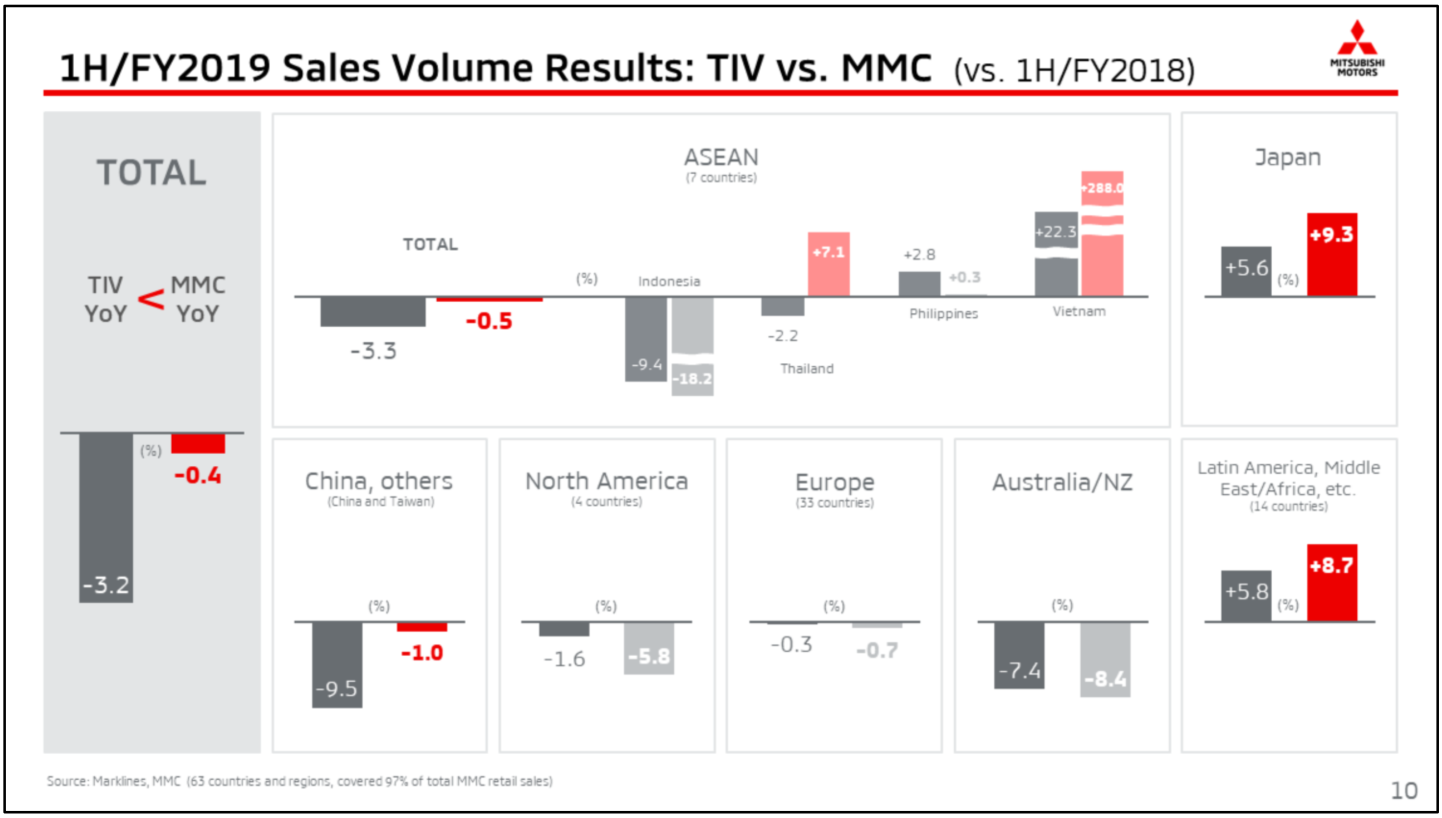
While global automotive TIV worsened by -3.2% year-on-year, our global sales were able to remain almost flat compared to the previous year. As we have explained, the concern about a global economic slowdown, which had become more pronounced since the second half of last year, has had a significant impact on the sluggish growth of automobile demand. As you can see, we have confirmed global downturn in automobile demand or a slowdown in growth in each country compared with the same period last year.

Under these circumstances, the ASEAN region, where we are most focusing on, Thailand performed strongly compared to the overall market, and Vietnam remained strong. On the other hand, sales in Indonesia were weaker than expected due to the impact of sluggish economic growth and other factors.

The domestic market, which is the home market, achieved higher growth than the overall market, thanks to the contribution of new models such as *"DELICA D:5"*, *"eK Wagon"*, and *"eK X"*, which were launched in early 2019.

The Chinese business seems to have been in a stagnant phase since the latter half of 2018, and demand has been shrinking since that. In a challenging environment, we succeeded in securing approximately the same level of sales as the last year, thanks to the contribution of the *"ECLIPSE CROSS"* local production model, which we began selling in November 2018.

In North America, interest rates on auto-loans have been declining due to a decline in long-term interest rates, supporting demand and helping to maintain TIV growth comparable to the previous year. On the other hand, competition in the small-and medium-sized SUV market where we are focusing on has intensified, resulting in a severe result.

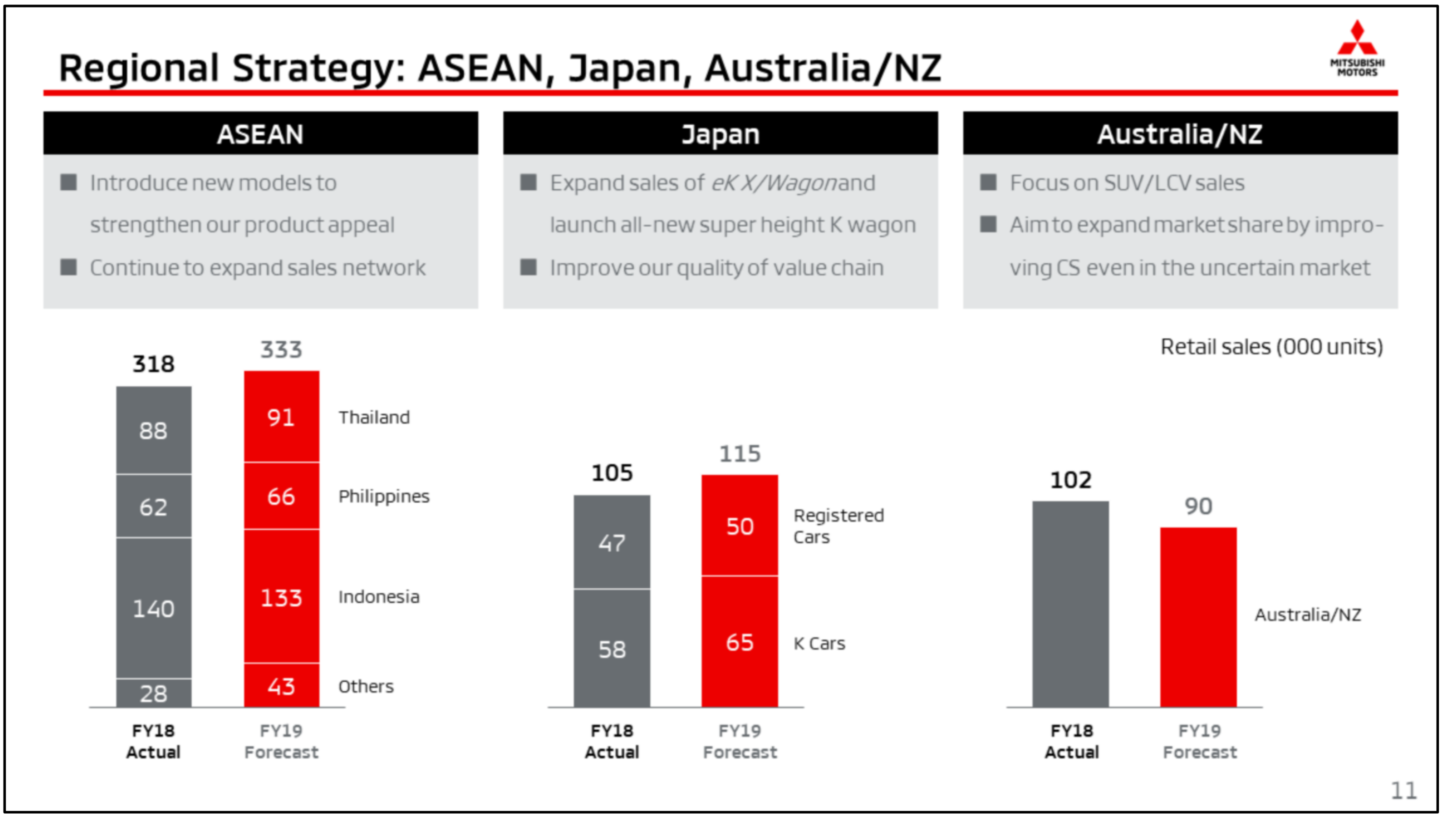


In Europe, the penetration of *"OUTLANDER PHEV"*, which we are strategically expanding sales, progressed as planned.

In Oceania, the market itself grew negatively due to the economic slowdown, and our sales declined further due to the impact of intensifying price competition.

In other regions, sales in the Middle East were favorable thanks to win fleet and measures to strengthen sales of SUVs with lower penetration in fleet.

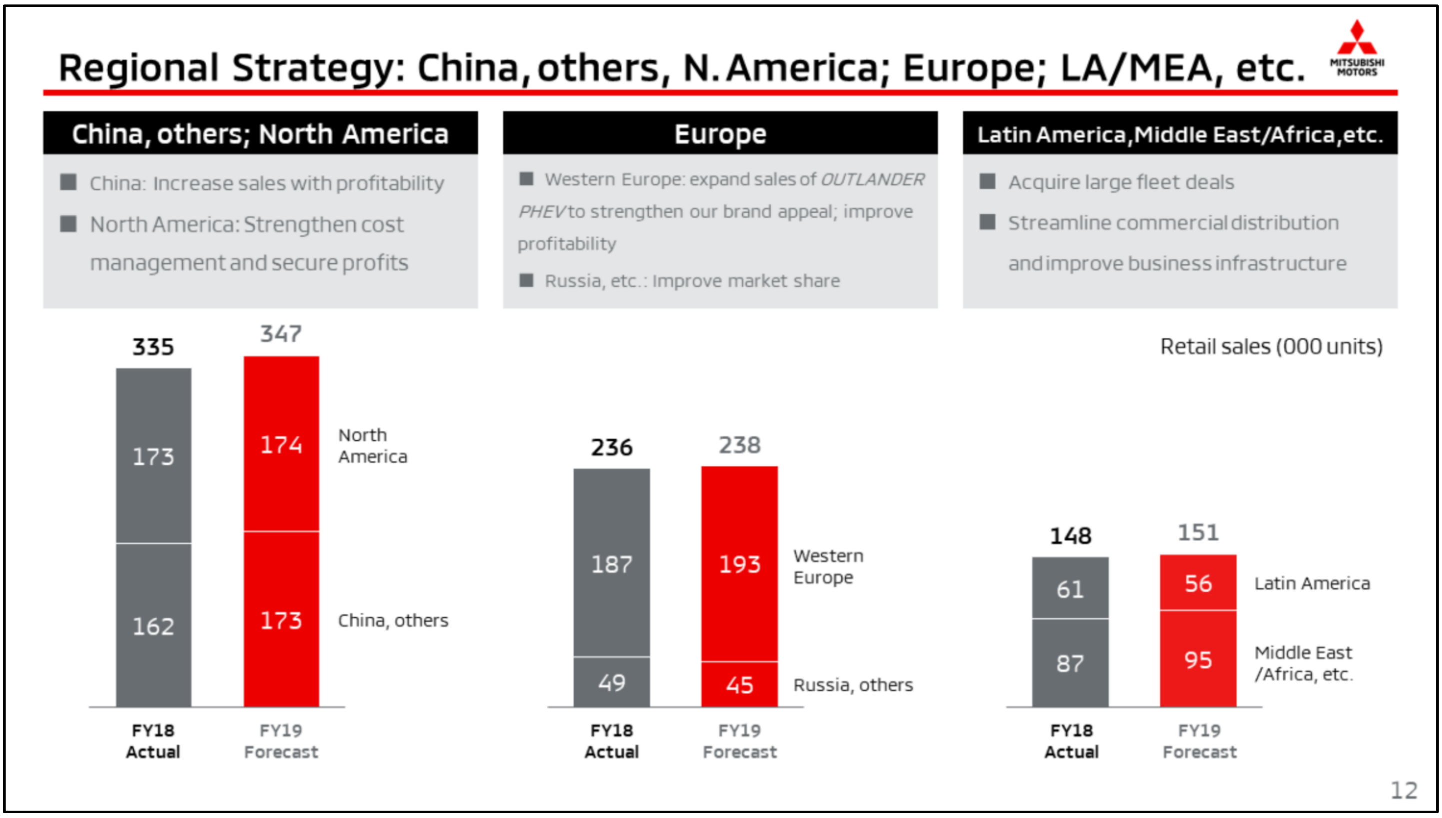
By product category, *"ECLIPSE CROSS"* increased 49%, 18,700 units; *"OUTLANDER PHEV"* increased 24%, 4,800 units; *"TRITON"* increased 1%, 900 units; and our regional strategic model of *"XPANDER"* increased 27%, 12,300 units; Kei-car increased 8%, 2,100 units respectively, compared with the same period of the previous fiscal year. As a result, the sales of our strategic models are now steady in general.



First of all, in the ASEAN region, we expect that demand deterioration in Thailand will accelerate in the second half due to the impacts of export stagnation. On the other hand, in Indonesia, where demand has been sluggish, we expect the economy to hit bottom in the second half of the fiscal year, despite negative growth throughout the year. In addition, the Philippines is expected to recover moderately, while Vietnam is expected to continue to enjoy favorable economic conditions and full-fledged motorization. In this environment, we plan to launch the *"XPANDER SUV"* and *"MIRAGE"*, *"ATTRAGE"* in November, in addition to the strong *"XPANDER"* and the new *"PAJERO SPORT"*, as well as the *"TRITON"*, which also upgraded the law-rider model in July. We will achieve our full-year sales plan by strengthening our products and expanding our sales network as planned.

In Japan, which is our home market, we revised our domestic sales plans and made it 115,000 units, as we expect a decline in demand after the consumption tax hike. We will leverage the new *"eK Wagon"* and *"eK X"* to carry the momentum to a new super height K wagon which we plan to launch during the current fiscal year as a successor of *"eK Space"*.

With regard to Oceania, which is currently facing severe conditions, the forecast for the external environment remains uncertain, and price competition will continue to intensify due to the shrinking of total demand. Incorporating those risks, we have revised the full-year sales outlook to 90,000 units. Despite the harsh conditions will continue, we will not make unreasonable shipment, and we will continue to focus on selling SUV/LCV models, and aim to increase our market share by strengthening our accessories and services and thereby increasing our relative customer satisfaction.



In the Chinese market, we revised our full-year sales plan to 173,000 units, considering the possibility of continued low growth amid continued trade friction between the U.S. and China, despite a significant correction phase will be over. On the other hand, there is room for growth in the market itself, and we believe that the high confidence in Japanese brands will continue. Although there are headwinds of increasing regulatory costs going forward, we will strive to increase sales in a balanced manner with earnings while strictly managing costs and strengthening product capabilities. Regarding North America, although total demand has generally remained at the same level as recent years, needless to say that the market itself is already saturated. To ensure profitability in a challenging environment, we will focus on improving earnings by keeping a sound level of inventory and by strengthening sales expense and fixed cost control.

We believe that Western Europe will continue to face economic turmoil caused by geopolitical risks such as the "Brexit" for the time being, as well as the low growth as in other developed countries. At present, in order to comply with tighter environmental regulations, we are working to boost penetration of *"OUTLANDER PHEV"*. We will continue to balance earnings with brand enhancement by placing this model at the core of our European business. Regarding Russia and other countries, the market continues to slump due to the impact of VAT tax hike, the decline in crude oil prices and foreign exchange rates, and uncertainties about the future are increasing. Therefore, we will strive to maintain market share and improve the productivity of our sales network in order to improve profitability.

In other regions, the Middle East will continue to expand sales by clinching the deals of fleet business and strengthening the sales and brand, particularly for SUV models. In the areas of Africa and South Asia, we will continue to streamline the flow of commerce and develop our business foundations, and will promote the optimal allocation of management resources based on selection and concentration.

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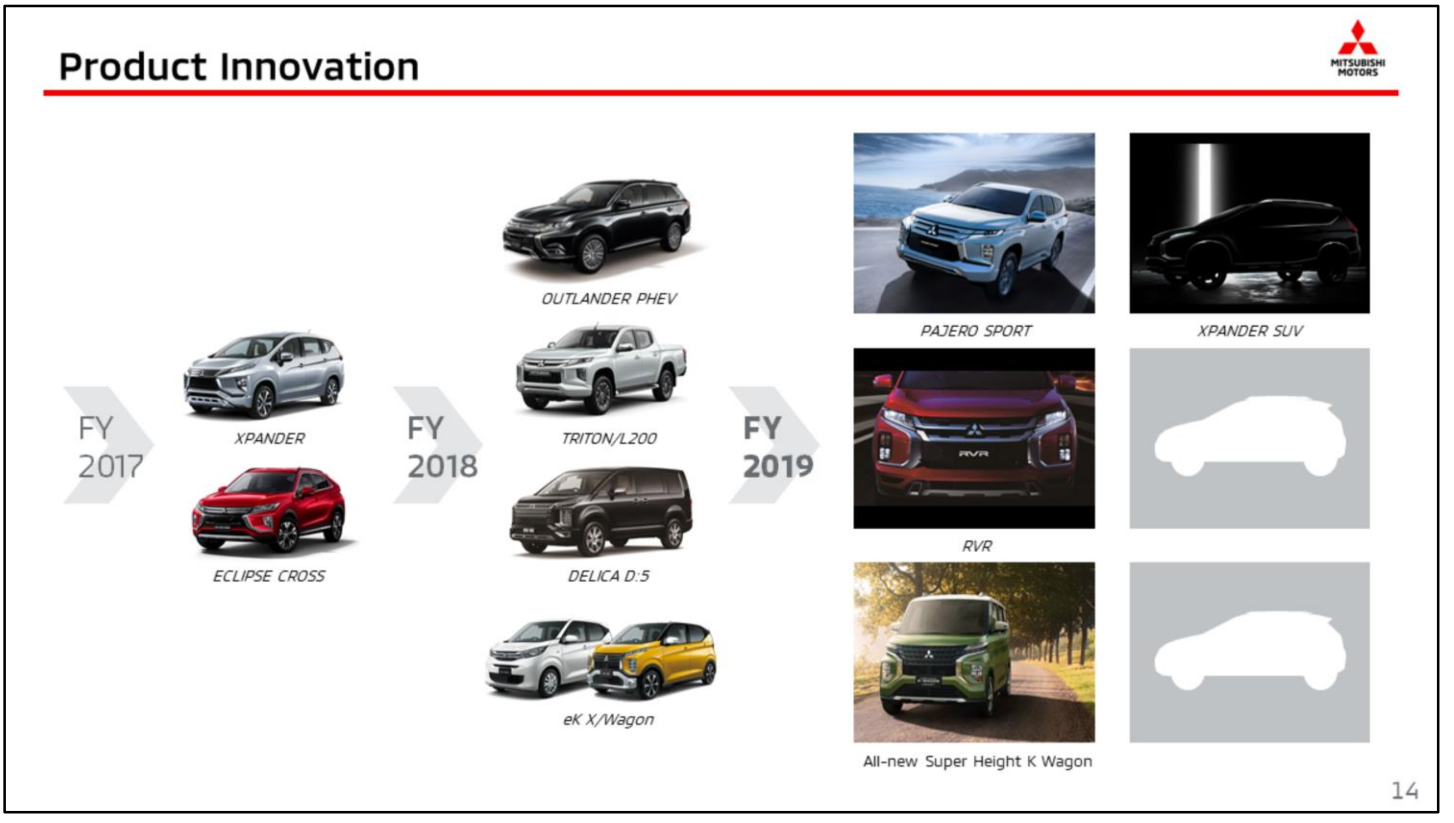

In order to achieve one of the goals of the current mid-term plan, "Product Renovation," we have been continuously introducing new models since FY2017.

In FY2019, in addition to the *"PAJERO SPORT"* launched in late July, we revamped *"RVR/ASX/OUTLANDER SPORT"* this summer and began global expansion. In the second half of the fiscal year, we are planning to introduce new models of *"XPANDER SUV"*, *"MIRAGE"*, and *"ATTRAGE"*, which will be launched shortly.

In addition, we will introduce the "New Super Height K Wagon" that will succeed *"eK Space"*. We showcased a concept car of it at the recent Tokyo Motor Show.

Going forward, we believe it is necessary to concentrate our development efforts on segments where we can secure competitiveness. We will work to strengthen and renovate our core products, including core products for the ASEAN region and cross-over models for the global market.

Strengthen ASEAN Business

THAILAND (MMTh)

- Studying investments to strengthen competitiveness (automation and rationalization)
- Planning to begin knockdown production of *OUTLANDER PHEV* (from the late FY2020)

➡ **Strengthening the backbone that supports us**

VIETNAM (MMV)

- Planning to expand production capacity
- Beginning *XPANDER* knockdown production (2020~)

➡ **To the 4th ASEAN Base**

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We held a ceremony at Laem Chabang Port in Chonburi Province, where the plant was located, to commemorate the achievement of 4 million vehicles exported from the MMTh plant which we started to manufacture our products in 1988. This plant is the first automobile manufacturer in Thailand to commence exports. Last year, the total production volume reached 5 million units, which has supported our growth in ASEAN.

At the MMTh factory, we have decided to invest in rationalization, including the construction of a new painting plant, in order to strengthen our competitiveness in the future. In the second half of fiscal 2020, we plan to begin knock-down production of *"OUTLANDER PHEV"*. In addition to the five pillars that we have been focusing on in Thailand, namely, employment, human resource development, investment, technology transfer, and export business, we intend to increase our contributions in the fields of social contribution and the environment.

In Vietnam, a ceremony was held in Ho Chi Minh City, to commemorate MMV's 25th anniversary since we started the business. At this ceremony, we announced that we will start production of the crossover MPV *"XPANDER"* in 2020 at our production base in Vietnam. MMV is currently engaged in knock-down production of "*OUTLANDER*", but with the start of production of *"XPANDER"*, we are considering expanding MMV production capacity. In 1994, our Vietnamese business began as a joint venture with Mitsubishi Corporation and local partners to establish a production and sales company, the predecessor of MMV. Along with the subsequent expansion of the automotive market in Vietnam, it is now an important business that supports our growth strategy in ASEAN.

Since the latter half of last year, we have revised our strategic direction from expanding scale to pursuing the profitability-oriented “Small but Beautiful” vision, and accelerated our efforts to reduce costs through rigorous selection of investments and other measures. As a result, we were able to reduce fixed costs by nearly ¥20 billion from the plan. However, the worldwide slump in demand and the unfavorable impact of the exchange rates exceeded our expectations, and revenues and expenditures are not yet sufficiently balanced.

Amid the continuing downturn in the economic cycle, I believe we need to take further steps to realize a cost structure commensurate with our scale.

Specifically, we will strive to optimize personnel, mainly in indirect departments, while streamlining the organization itself. In the area of development, we will invest with an emphasis on efficiency by narrowing down the regions and models we focus on. In addition, we will make every effort by promoting cost structure reforms, such as integrating and consolidating production and sales bases and revisiting advertising and promotional expenses.

On the other hand, our financial condition is stable, and, we intend to maintain the current level of dividends, with a focus on stability.

Despite the challenging business climate, we have clearly defined the directions we should pursue as "Small but Beautiful" and have clearly indicated what we should do. We will work as one to implement cost structure reforms, accelerate the formulation of the strategies, and link it to the next mid-term plan starting from FY2020.

APPENDIX

1H/FY2019 Balance Sheet and Free Cash Flow (vs. FY2018, 1H/FY2018)

(billion yen)	FY18 (As end of Mar 2019)	1H/FY19 (As end of Sep 2019)	Variance
Total Assets	2,010.3	1,927.8	-82.5
Cash & Deposits	500.9	409.5	-91.4
Total Liabilities	1,129.1	1,072.5	-56.6
Interest Bearing Debt*	231.0	274.9	+43.9
Total Net Assets	881.2	855.3	-25.9
Shareholders'Equity (Equity Ratio)	871.8 (43.4%)	846.0 (43.9%)	-25.8
Net Cash 【Automobiles & Eliminations】	543.9	422.0	-121.9

(billion yen)	1H/FY18 (Apr - Sep 2018)	1H/FY19 (Apr - Sep 2019)	Variance
Free Cash Flow 【Automobiles & Eliminations】	-33.8	-67.7	-33.9

*Include Lease Obligations

1H/FY2019 Capital Expenditure, Depreciation and R&D Expense

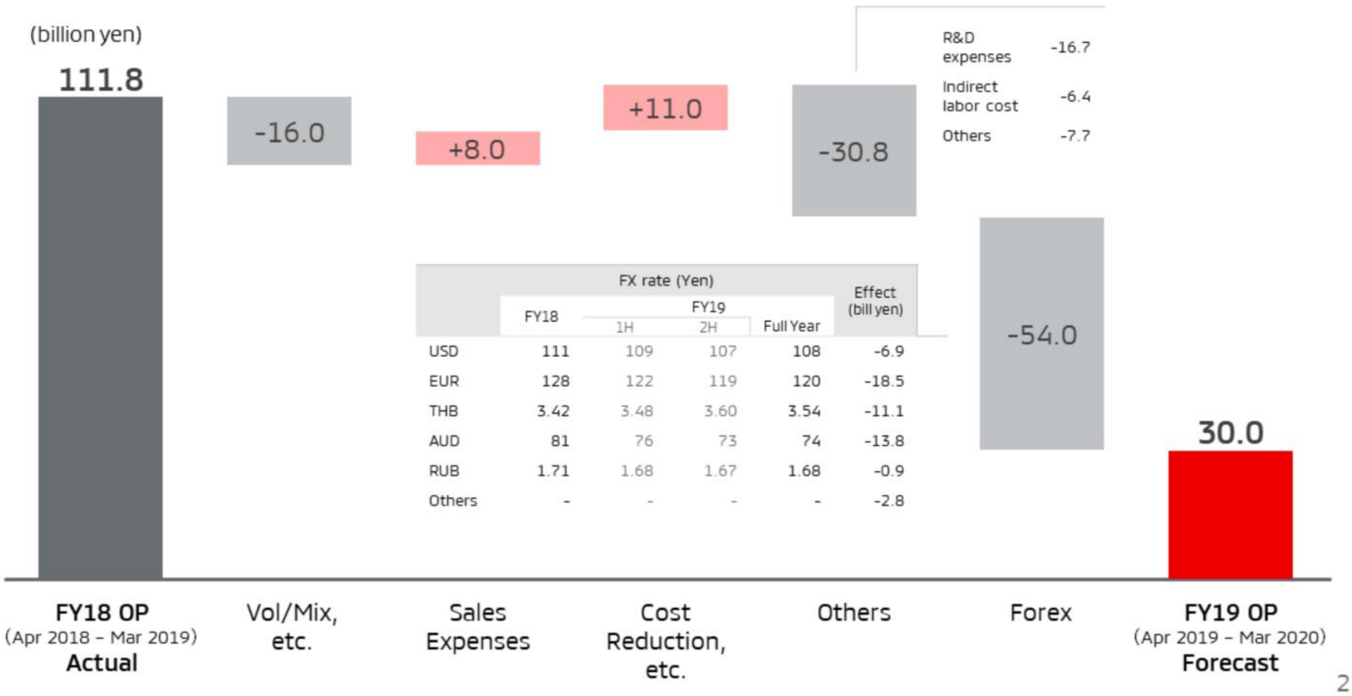
(billion yen)	1H/FY18 (Apr-Sep 2018)	1H/FY19 (Apr-Sep 2019)	FY19 Forecast (Apr 2019 - Mar 2020)
CAPEX (variance YoY)	55.4*	41.5 (-25%)	130.0 (-6%)
Depreciation (variance YoY)	26.1	35.8 (+37%)	75.0 (+22%)
R&D Expense (variance YoY)	56.0	64.5 (+15%)	141.0 (+13%)

*Include one-time factors such as repurchase of SLB assets

1H/FY2019 Regional Performance (vs. 1H/FY2018)

(billion yen)	Net Sales			Operating Profit		
	1H/FY18 (Apr–Sep 2018)	1H/FY19 (Apr–Sep 2019)	Variance	1H/FY18 (Apr–Sep 2018)	1H/FY19 (Apr–Sep 2019)	Variance
Total	1,169.3	1,128.0	-41.3	56.9	10.2	-46.7
- Japan	193.2	234.1	+40.9	-1.5	-3.7	-2.2
- ASEAN	254.7	295.6	+40.9	29.3	27.5	-1.8
- China, others	51.9	27.4	-24.5	7.9	-0.6	-8.5
- North America	186.2	143.4	-42.8	-1.0	-9.3	-8.3
- Europe	234.8	233.7	-1.1	1.9	-7.9	-9.8
- Others	248.5	193.8	-54.7	20.3	4.2	-16.1

FY2019 Full-Year Forecast: OP Variance (vs. FY2018)



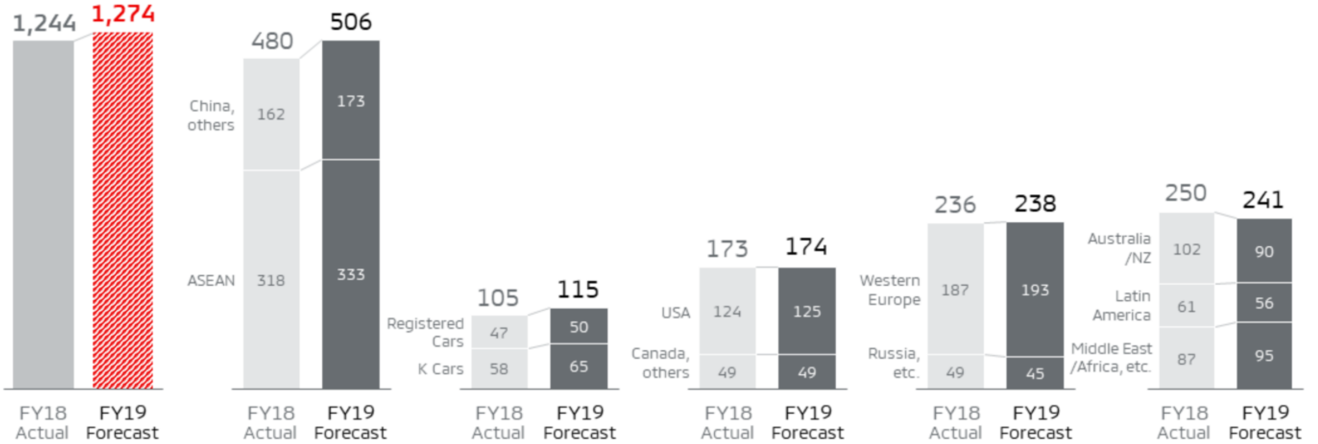
	FX rate (Yen)				Effect (bill yen)
	FY18	FY19 1H	FY19 2H	FY19 Full Year	
USD	111	109	107	108	-6.9
EUR	128	122	119	120	-18.5
THB	3.42	3.48	3.60	3.54	-11.1
AUD	81	76	73	74	-13.8
RUB	1.71	1.68	1.67	1.68	-0.9
Others	-	-	-	-	-2.8

FY2019 Regional Sales Forecast (vs. FY2018)

(billion yen)	FY18 Actual (Apr 2018 – Mar 2019)	FY19 Forecast (Apr 2019 – Mar 2020)	Variance
Total	**2,514.6**	**2,450.0**	**-64.6**
- Japan	428.7	530.0	+101.3
- North America	387.8	340.0	-47.8
- Europe	514.1	470.0	-44.1
- Asia	663.9	650.0	-13.9
- Others	520.1	460.0	-60.1

FY2019 Retail Sales Forecast (vs. FY2018)

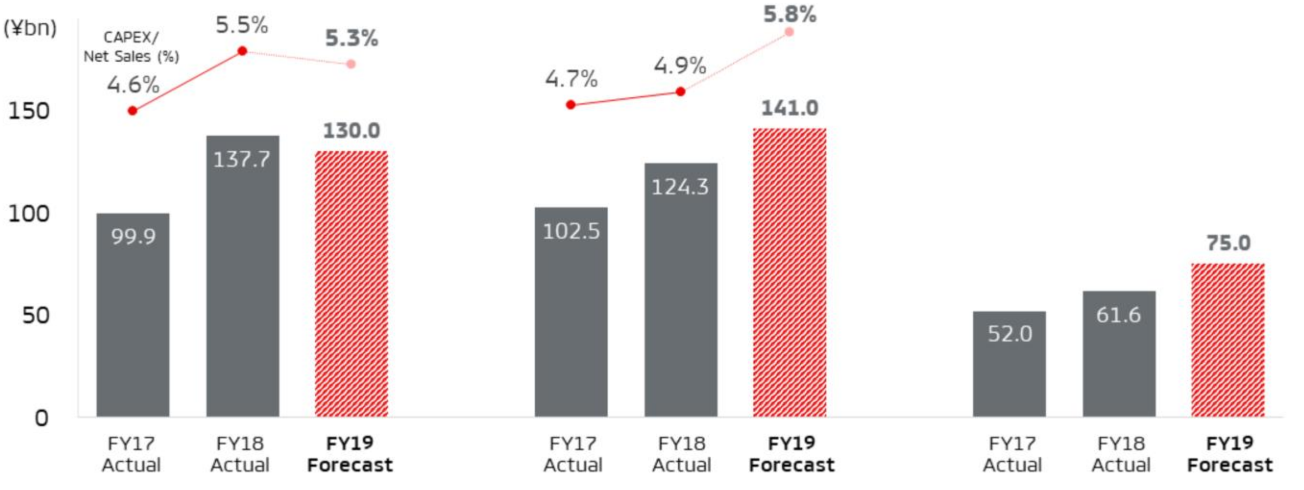
(000 units)



Total	Asia	Japan	North America	Europe	Others
+30 (+2%)	+26 (+5%)	+10 (+10%)	+1 (+1%)	+2 (+1%)	-9 (-4%)

FY2019 Capital Expenditure, Depreciation and R&D Expense Forecasts

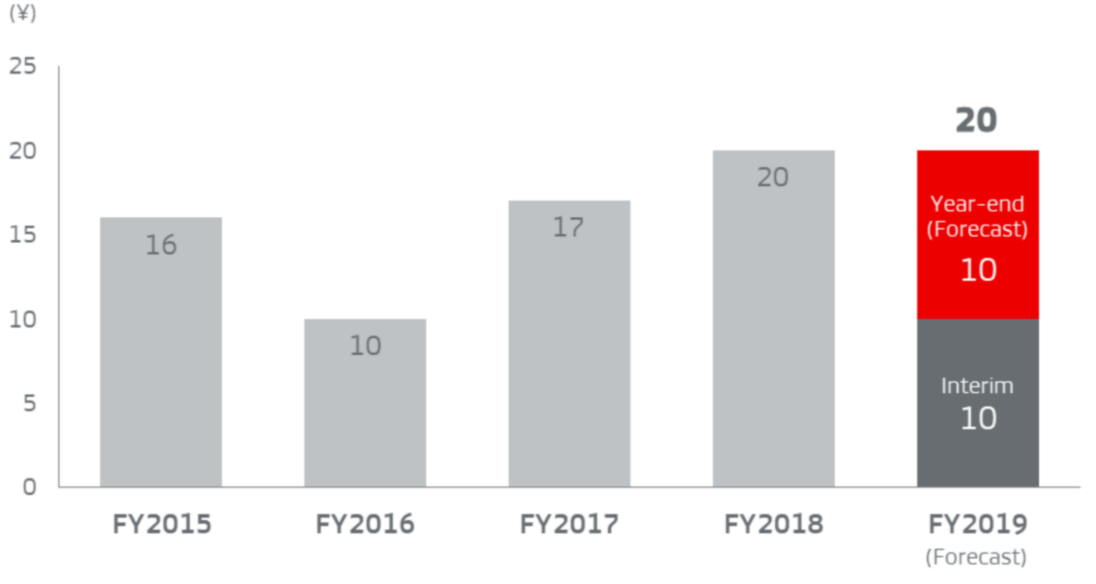
Capital Expenditure*	R&D Expense	Depreciation
¥130.0 bn	**¥141.0 bn**	**¥75.0 bn**
-6% (YoY)	+13% (YoY)	+22% (YoY)



*Include one-time factors such as repurchase of SLB assets

Shareholder Returns Forecast

Dividend per share: ¥20 (Forecast)



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